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6 Financial Arguments for Workplace Diversity

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Inclusion and diversity programs have become increasingly common in recent years — 97 percent of the companies Forbes Insight spoke to for a comprehensive global survey, in fact, had formal workplace diversity strategies in place as of 2011.

The initiative's overall goals, though, vary.

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A number of the organizations, based in the Americas and the Asia-Pacific region, Europe, Middle East and Africa, cited addressing talent concerns as a key workplace diversity program goal. Forty-three percent said retention and development were a priority, and 29 percent hoped their efforts would help them develop a robust talent pipeline.

For more than a third of companies, however, inclusion and diversity program goals and priorities were more general — simply to ensure diversity exists in their work environment.

You don't hear companies often mention another byproduct inclusion efforts can provide — the financial benefits of diversity in the workplace — because it's not typically what inspires organizations to launch the programs, and it's usually not an intended goal.

Studies have shown, however, that workplace diversity can have an extremely positive effect on the bottom line.

If you're trying to build a case for increasing the inclusion and diversity endeavors at your organization — or your company is one of the three percent that doesn't current have a program — the following statistics may help convince leadership to increase its investment:

1. Organizations with more female executives are more profitable

According to an [analysis](#) of more than 20,000 firms in 91 countries conducted by the Peterson Institute for International Economics, moving from having zero female leaders to incorporating a 30 percent representation is associated with a 15 percent increase in net revenue margin.

[Research](#) from consulting firm McKinsey & Company found that in the U.K., for every 10 percent increase in senior executive team gender diversity, earnings before interest and taxes grew by 3.5 percent.

2. Adding more female board members can help you get ahead in the market

A 2011 [report](#) from nonprofit organization Catalyst shared several gender-based inclusion and diversity findings — including

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companies that had three or more women board directors for at least four of five years significantly outperformed ones who didn't. Companies with the most women board directors outperformed organizations with the least amount by 26 percent on return on invested capital.

3. Having more female board members can result in higher share price performance

Credit Suisse [research](#) found companies that have higher female participation at the board or top management level see higher returns, valuations and payout ratios.

4. Workplace diversity may have a positive effect on sales

Racial and gender diversity are associated with increased sales revenue and greater profits, according to an [assessment](#) published in the American Sociological Review article.

5. In general, companies with top-level diversity outperform other organizations

Companies in the highest quartile for having executive board diversity experience returns on equity that are 53 percent higher than those in the bottom portion, according to [analysis](#) from McKinsey.

6. Strong inclusion and diversity programs can specifically propel a company to succeed its sector

McKinsey's [research](#) found companies in the top quartile for racial and ethnic workplace diversity are 35 percent more likely to have higher returns than their national industry medians.

The potential payoff inclusion and diversity programs can provide is, of course, just one aspect of having one; and often not the central incentive. To produce an effective initiative, companies need to consider a number of factors — ranging from proactively preventing issues that could cause your diversity program to falter to whether or not your attempts managing diversity in the workplace are enough.

Find out which employee diversity networks are inspiring change, what some of the most diverse companies are getting right and the top 5 elements your diversity program should include for additional suggestions to strengthen your efforts.



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